

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | PHILIP Y. BROWN, ESQ. | JOHN B. LANGAN | JAMES M. MACHADO | DONALD R. MARQUIS | ROBERT B. MCCARTHY

MEMORANDUM

TO: Brockton Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: October 20, 2014

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY15 (since the amount under the prior schedule was maintained in FY15) and is acceptable under Chapter 32.

The FY16 appropriation under the revised schedule remains the same as the FY15 amount. We normally recommend adopting a schedule that increases each year as payroll increases. However we note that the Board adopted significant funding increases as part of the 2010, 2011, and 2013 valuations and that the revised schedule reduced the amortization period by one year.

Also note that this schedule amortizes the unfunded actuarial liability on a 4.5% annually increasing basis through FY32. Under the provisions of G.L. c. 32 Section 22F, the maximum allowable increase is 4.0% for schedules that extend beyond FY30. However, since the Board could have adopted a schedule with similar payments over the next few years using a 4.0% increasing amortization basis and extending the schedule a year or so, we will allow this schedule.

Finally, we suggest the Board consider reducing the investment return assumption in the next actuarial valuation. PERAC began generally using a 7.75% investment return assumption in our 2013 actuarial valuations. Currently 60 systems are using an assumption less than 8.0%.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



PENSION REFORM ACT - SECTION 22D
FUNDING REQUIREMENTS

Fiscal Year Ending In	Normal Cost	Amortization of the Unfunded Actuarial Liability			Total City Contribution
		UAL	1992 ERI	Total Payment	
2015	5,575,912	13,641,619	72,436	13,714,055	19,289,967
2016	5,434,220	13,783,311	72,436	13,855,747	19,289,967
2017	5,596,467	14,403,560	72,436	14,475,996	20,072,463
2018	5,762,999	15,051,721	72,436	15,124,157	20,887,156
2019	5,933,899	15,729,048	72,436	15,801,484	21,735,383
2020	6,109,249	16,436,855	0	16,436,855	22,546,104
2021	6,289,135	17,176,514	0	17,176,514	23,465,649
2022	6,473,635	17,949,457	0	17,949,457	24,423,092
2023	6,662,833	18,757,183	0	18,757,183	25,420,016
2024	6,856,810	19,601,256	0	19,601,256	26,458,066
2025	7,055,643	20,483,312	0	20,483,312	27,538,955
2026	7,259,412	21,405,062	0	21,405,062	28,664,474
2027	7,468,194	22,368,290	0	22,368,290	29,836,484
2028	7,682,063	23,374,863	0	23,374,863	31,056,926
2029	7,901,094	24,426,731	0	24,426,731	32,327,825
2030	8,125,354	25,525,935	0	25,525,935	33,651,289
2031	8,354,915	26,674,601	0	26,674,601	35,029,516
2032	8,589,839	19,741,896	0	19,741,896	28,331,735
2033	8,830,189	0	0	0	8,830,189
2034	9,076,024	0	0	0	9,076,024
2035	9,327,398	0	0	0	9,327,398
2036	9,584,360	0	0	0	9,584,360
2037	9,846,954	0	0	0	9,846,954
2038	10,115,221	0	0	0	10,115,221
2039	10,389,194	0	0	0	10,389,194
2040	10,668,902	0	0	0	10,668,902
2041	10,954,363	0	0	0	10,954,363
2042	11,245,590	0	0	0	11,245,590
2043	11,695,413	0	0	0	11,695,413
2044	12,163,229	0	0	0	12,163,229
2045	12,649,758	0	0	0	12,649,758